

GOVERNMENT OF INDIA
MINISTRY OF COMMERCE AND INDUSTRY



सत्यमेव जयते

REPORT
OF THE
TARIFF COMMISSION
ON THE CONTINUANCE OF PROTECTION TO THE
CALCIUM LACTATE
INDUSTRY

BOMBAY
1953

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PERSONNEL OF THE COMMISSION

Shri M.D. Bhat Chairman
Dr. B.V. Narayanaswamy Naidu,
M.A., B.Com., Ph.D., Bar-at-Law. Member
Shri B.N. Adarkar, M.A. (Cantab.) Member
Shri B.N. Das Gupta,
B.A., A.S.A.A. (London), F.C.A. Member
Shri C. Ramasubban Member
Dr. D.K. Malhotra, M.A., Ph.D. Secretary

PERSONNEL OF THE PANEL WHICH THE CASE

Dr. B.V. Narayanaswamy Naidu Member
Shri B.N. Adarkar. Member
Shri B.N. Das Gupta. Member

GOVERNMENT OF INDIA
MINISTRY OF COMMERCE & INDUSTRY

New Delhi, 31-10-1953.

RESOLUTION
(Tariffs)

No.8(5)-I.B./53.- The Tariff Commission has submitted its Report on the continuation of protection to the Calcium Lactate Industry on the basis of an enquiry undertaken by it under Section 11(e) read with Sections 13 and 15 of the Tariff Commission Act, 1951. Its recommendations are as follows:-

- (1) Protection should be continued for a further period of three years from 31st December, 1953, at the existing rates of 27.3 per cent *ad valorem* (preferential) and 37.8 per cent *ad valorem* (standard). If during the period of protection, the quantum or c.i.f. prices of imported Calcium Lactate jeopardise the position of the domestic industry, the industry may apply for a review of the scheme of protection.
- (2) The Central and the State Governments should purchase indigenous Calcium Lactate to meet their entire requirements, provided the producers maintain the necessary standard of quality and charge reasonable prices.
- (3) The indigenous manufacturers should try to improve their process of production still further so as to conform fully to the new Indian Pharmacopoeia specifications for Calcium Lactate.

2. Government accept all the recommendations of the Tariff Commission and will take steps to implement them as far as possible.

3. The attention of the Industry is invited to recommendation No. (3).

S. BHOOHALINGAM,

Joint Secretary to the Government of India

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REPORT ON THE CONTINUANCE OF PROTECTION TO THE CALCIUM LACTATE INDUSTRY

1. The claim of the fine chemicals industry to protection or assistance was examined by the Tariff Board in origin of a report submitted to Government on 30th April, the case. 1950. The scope of the inquiry included calcium lactate, iron ammonium citrate, potassium citrate and sodium citrate. Only calcium lactate, however, was found to need protection and the Board recommended it in the form of conversion of the existing revenue duty of 35 per cent. *ad valorem* standard and 26 per cent. *ad valorem*, preferential into a protective duty at the same rates for a period of three years. The Board also recommended that so long as imports continued to be restricted on balance of payments grounds, imports of these chemicals should be allowed only to the extent that domestic production fell short of domestic demand. The Government of India in the Ministry of Commerce, by their Resolution No. 8(6)-T.B./50, dated 12th August, 1950, accepted these recommendations and the industry was granted protection up to 31st December, 1953. The present inquiry was undertaken under Section 11(e) read with Sections 13 and 15 of the Tariff Commission Act, 1951, under which the Commission has been authorised to inquire into and report on any further action required in relation to the protection granted to an industry, with a view to its increase, decrease, modification or abolition according to the circumstances of the case.

2. On 15th May, 1953, the Commission issued questionnaires to the producers, consumers and importers of calcium Method of lactate. A press note was issued on 18th May, inquiry. 1953, inviting all persons and associations interested in this industry to obtain copies of the Commission's questionnaires and to submit replies thereto.

A list of persons or bodies to whom the Commission's questionnaires were issued and from whom replies or memoranda were received is given in Appendix I. The Industrial Adviser (Chemicals) to the Government of India, Ministry of Commerce and Industry, and the Directors of Industries with the State Governments of Bombay and West Bengal, were addressed for information on various points arising out of this inquiry. Information regarding the steps taken to implement the Tariff Board's recommendations was obtained from the Ministry of Health, New Delhi, and the Drugs Controller, Bombay, who, as well as the Director, Central Drug Research Institute, Lucknow, were also requested to express their views regarding the quality of the indigenous product. Data regarding the c.i.f. prices and landed costs of imported calcium lactate were obtained from the Collectors of Customs. Shri B.N. Adarkar and Shri C. Ramasubban, Members, accompanied by Shri S.S. Mehta, Technical Adviser, visited the factory of Sarabhai Chemicals at Baroda on 13th May, 1953. Shri B.N. Das Gupta, Member, visited the factory of Calcutta Chemical Co. Ltd., Calcutta, on 17th June, 1953. Shri S.K. Basu, Assistant Cost Accounts Officer, visited the Alembic Chemical Works and Sarabhai Chemicals, Baroda, from 20th to 26th May, 1953, and prepared a report on their cost of production. A public inquiry into this industry was held at the Commission's Office in Bombay on 10th July, 1953. A list of persons who attended the inquiry and gave evidence is given in Appendix II.

3. At the time of the previous tariff inquiry, only two units, Calcutta Chemical Co. Ltd., Calcutta, with a Present position capacity of 30 tons and Sarabhai Chemicals, of the industry. Baroda, with a capacity of 48 tons were engaged in the production of calcium lactate. Actual production by these units, however, was very small, amounting on an average to only 10.2 tons per year during the three years from 1947 to 1949, as against their combined capacity of 78 tons. In addition, a third unit, Alembic Chemical

Works Co. Ltd., Baroda, was carrying out pilot plant experiments at that time. All these units are now in regular production and two of these have made substantial additions to their capacity. Sarabhai Chemicals have installed additional equipment so as to increase their capacity to 72 tons. Alembic Chemicals have set up a plant with a capacity of 60 tons and the plant has come into operation from May, 1953. Thus, the total rated capacity of the industry now is 162 tons. The production of calcium lactate also increased from 10.95 tons in 1949 to 31.26 tons in 1950, 46.62 tons in 1951, and 32.55 tons in 1952. Figures of production for individual unit are given in paragraph 7 below. The fall in production in 1952 was largely due to increased imports in that year. About 35 per cent. of these imports consisted of calcium lactate from Holland and Denmark which, being low priced, offered severe competition to the indigenous product. Sarabhai Chemicals had to curtail their production from April, 1952 and had even to stop production altogether in some months. Towards the end of 1952, however, with the gradual depletion of stocks, the position improved and the Company was able to resume production from January 1953 and is now in regular production.

4. In addition to tariff protection, the Tariff Board also recommended certain other measures to assist the development of this industry and these recommendations were accepted by Government. The Board recommended that the Central and the State Governments should obtain their requirements as far as possible from indigenous sources. We understand from the Director of Industries, Bombay, that the State Government always give preference to indigenous products with due regard to considerations of economy and efficiency. At the time of the previous inquiry, the producers were experiencing difficulties in obtaining molasses of the requisite quality at reasonable prices and the Board, therefore, recom-

mended that the Central and the State Governments should assist the industry in procuring its requirements of this material. The Director of Industries, Bombay, has informed us that although the Nasik Distillery receives molasses from the sugar factories in Bombay State at controlled rates, it has not been possible to divert any part of these supplies to the calcium lactate factories. The Excise Department, Bombay, however, has given permission to Sarabhai Chemicals to obtain their requirements of molasses from other States, if they could get them at lower rates. In the meanwhile, Sarabhai Chemicals have decided to use jaggery instead of molasses and have so far experienced no difficulties in obtaining their requirements of jaggery. In order to ensure that calcium lactate of proper quality is supplied to the consumers, the Board recommended that the Director-General, Health Services, should take steps (i) to stop the practice of repacking of manufactured drugs without indicating the fact that they had been repacked by a particular agency, and (ii) to enforce the Drugs Act strictly so as to maintain the prescribed standards of quality. With regard to (i), the Ministry of Health, Government of India, have informed us that the question of including a definition of the term "manufacture" in the Drugs Act to cover re-packing, with a view, *inter alia*, to implementing this recommendation, is under the consideration of the Government of India. With regard to (ii), the enforcement of the Drugs Act and the Rules made thereunder is the responsibility of the State Governments and they have been asked to enforce the law as rigidly as possible. So far, the Drugs Act has been implemented only in Part A States and Part C States of Delhi, Ajmer and Coorg. The Act is expected to be implemented in Part B States in the near future and step for enforcing it in Part C States other than those mentioned above have been undertaken.

5. At the time of the previous inquiry, Sarabhai Chemicals were using molasses as their principal raw mate-

Raw materials. For technical reasons, they have not materials. changed over to jaggery which has also been adopted by Alembic Chemical Works Company as the most suitable material. Calcutta Chemical Works, however, use sugar, mainly because of the difficulty of obtaining jaggery of proper quality and at reasonable prices, in Calcutta. Sugar is a more expensive material, as may be seen from the fact that while the cost of jaggery per lb. of calcium lactate works out to 3.99 annas in the case of Sarabhai Chemicals, that of sugar comes to 12.5 annas in the case of Calcutta Chemicals. Among the liming materials, lime is obtained indigenously, and while only indigenous calcium carbonate is used by Alembic Chemicals, Calcutta Chemicals import a portion of their requirements of this material. Calcutta Chemicals have explained that some amount of iron-free calcium carbonate, which is not available indigenously, is required for developing the particular strain of bacteria used by them. Sarabhai Chemicals have hitherto been importing lactic acid from abroad, while Calcutta Chemicals produce it from the mother liquor left over after crystallisation of calcium lactate. Sarabhai Chemicals have expressed their willingness to purchase this material from Calcutta Chemicals in future. As regards the other materials, marmite, phosphoric acid, barium carbonate, supercel and activated carbon are imported, while casein, superphosphate, ammonium sulphate and castor oil are obtained indigenously. The percentage of the value of indigenous materials to the total value of materials used in the manufacture of calcium lactate comes to 70 per cent. in the case of Sarabhai Chemicals, 74 per cent. in the case of Alembic Chemicals and 85 per cent. in the case of Calcutta Chemicals, the higher percentage in the case of the last firm being mainly due to the fact that it uses sugar instead of jaggery.

6. The domestic demand for calcium lactate was estimated at the previous inquiry at 60 tons per annum. During

Domestic demand. the three years from 1950 to 1952, the average domestic production amounted to 36.81 tons while the average imports during the same period have been estimated at about 13 tons per annum. On this basis, the average annual consumption during the last three years would appear to be about 50 tons. We understand, however, that calcium lactate is also consumed in the form of derivatives like sodium calcium lactate, and imports of these are probably not included in the above figures. With the expansion of public health services under the Five Year Plan, the domestic consumption of calcium lactate is likely to increase. New uses of calcium lactate may also develop. These developments, however, may take some time. Taking all these factors into account, we estimate the annual domestic demand for calcium lactate at 60 tons for the next three years.

7. The following table gives figures of the annual rated capacity of the three units at present engaged in the manufacture of calcium lactate and their actual production during 1950, 1951 and 1952. Domestic production. The figures of production relate to both calcium lactate and its derivatives.

| (Figures in tons) | | | | |
|------------------------------------|-----------------------|-------------------|-------|-------|
| | Annual rated capacity | Actual production | | |
| | | 1950 | 1951 | 1952 |
| 1. Sarabhai Chemicals | 72 | 27.69 | 38.58 | 19.74 |
| 2. Alembic Chemical Works Co. Ltd. | 60 | 2.27 | 3.67 | 7.81 |
| 3. Calcutta Chemical Co. Ltd. | 30 | 1.30 | 4.37 | 5.00 |
| TOTAL | 162 | 31.26 | 46.62 | 32.55 |

8.(a) Imports: In accordance with a recommendation made by the Tariff Board, the Director-General of Commercial Intelligence and Statistics, Calcutta, has been maintaining statistics of imports of calcium lactate from July, 1951 onwards. According to the

figures furnished by him, imports of calcium lactate amounted to 3.6 tons from July to December 1951, and 27 tons in 1952. Detailed figures are given in a statement in Appendix III.

(b) *Import Control Policy:* The import control policy relating to calcium lactate since the licensing period July—December, 1951, is briefly described below:—

- (i) *July-December, 1951:* Established importers were granted general licences to the extent of 15 per cent. of the quota and licences for soft currency areas up to 20 per cent. of the quota. Licences for Japan were issued on an *ad hoc* basis. Actual users were granted general licences and licences for soft currency areas to the extent of their six months' requirements.
- (ii) *January-June, 1952:* Established importers were granted general licences for 75 per cent. of one half of their best year's imports. Soft currency licences were granted to them for 100 per cent. of one half of their best year's imports of all drugs. Applications from actual users were also entertained.
- (iii) *July-December, 1952:* Licences for imports from soft currency areas were granted to established importers for 30 per cent. of one half of their best year's imports.
- (iv) *January-June, 1953:* Established importers were granted soft currency licences for 30 per cent. of one half of their best year's imports. Newcomers could also apply. Actual users were granted licences to the extent of their six months' requirements.
- (v) *July-December, 1953:* The import control policy for this licensing period is the same as that for January-June, 1953.

9. Calcium lactate is assessed to duty under item Existing rates No. 25(31) of the First Schedule to the Indian of duty. Customs Tariff (thirty-seventh issue), an extract from which is given on the next page.

| Item No. | Name of article | Nature of duty | Standard rate of duty | Preferential rate of duty if the article is the produce or manufacture of | | | Duration |
|----------|--|----------------|-------------------------------------|---|---|---------------------------------|---------------------|
| | | | | A U.K. British Burma Colony | | | |
| 28(31) | Calcium lactate— | | | | | | |
| | (a) of British manufacture | Protective | 27 3/10 per cent. <i>ad valorem</i> | - | - | 10½ per cent. <i>ad valorem</i> | December 31st, 1953 |
| | (b) not of British manufacture | Protective | 37 4/5 per cent. <i>ad valorem</i> | - | - | - | December 31st, 1953 |
| | Provided that calcium lactate manufactured in a British Colony shall be deemed to be of British manufacture. | | | | | | |

10. The evidence received by us on the present occasion leaves no doubt that the quality of indigenous calcium lactate has improved considerably since the last inquiry. The Development Wing of the Ministry of Commerce and Industry, Government of India, and the Directors of Industries with the State Governments of Bombay and West Bengal, have declared the indigenous product to be of satisfactory quality. The K.E.M. Hospital, Bombay and the Government General Hospital, Madras, which have been using indigenous calcium lactate, have also found it satisfactory for their purpose. Moreover, two importing firms, Volkart Brothers and Kantilal Manilal and Co., have informed us that the indigenous product is acceptable to the consumers. The Anglo-Thai Corporation, Ltd., who import Howard's calcium lactate, while stating that the consumers prefer to use the imported product, have added that the

quality of the indigenous product has improved since the last inquiry. Despite this improvement, however, while indigenous calcium lactate is fully comparable with that imported from Holland and Denmark, it is still below the standard of certain high quality British products. The Ministry of Health, Government of India, have referred to the following defects of indigenous calcium lactate:-

- (1) Its assay is usually high, probably due to partial dehydration.
- (2) It is not completely soluble, probably due to some siliceous or other insoluble material coming from the raw materials.
- (3) It develops smell in storage.

As regards the first defect, while, under the B.P. specifications, calcium lactate should contain not less than 97 per cent. and not more than the equivalent of 103 per cent. $C_6H_{10}O_6Ca, 5H_2O$, some samples of indigenous calcium lactate were found to have an assay of 105 per cent. We understand from the Ministry of Health, however, that the Indian Pharmacopoeia Committee have evolved new standards for calcium lactate (for inclusion in the Indian Pharmacopoeia to be published in the near future), under which the maximum assay limit has been prescribed as 105 per cent. Indigenous calcium lactate cannot, therefore, be considered defective on this account. As regards solubility, the B.P. specifications provide that the product should be "soluble at 25° in 20 parts of water, forming a clear colourless solution and readily soluble in hot water". Indigenous calcium lactate is said to give a slight cloudiness when dissolved at 25°, but the cloudiness disappears on warming. This variation from the B.P. standard is also no longer regarded as a serious defect, since the new Indian Standards permit a slight haziness of the solution when calcium lactate is dissolved at room temperature. The third defect of the indigenous product, namely, that it develops smell on storage, is one which has been mentioned by the British Drug Houses (India) Ltd., as well as by the Ministry of Health. The manufacturers have explained that calcium

lactate, which is an organic compound, is liable to absorb moisture during transit and storage and thus develop smell. They have, therefore, suggested that if the product is stored by the consumers in tightly corked bottles, instead of in paper cartons, there would be no smell. We are, however, not fully satisfied with this explanation, particularly because we understand that certain foreign brands of calcium lactate, which are also packed in cartons, do not suffer from this defect. We recommend that the manufacturers should try to improve their process of production so as to conform fully to the new Indian Pharmacopoeia specifications and, in particular, to ensure that their product will not develop smell on storage. Sarabhai Chemicals are optimistic about developing the solvent extraction process on which they are working at present and which, they expect, will enable them to remove this defect.

11.(a) The Assistant Cost Accounts Officer examined the cost of production of calcium lactate at the works of Commission's esti- Sarabhai Chemicals and Alembic Chemical Works
mate of the cost at Baroda. The production at Alembic Chemical
of production and Works amounted to only 4,200 lbs. during the
fair ex-works price of the Indi- period from 15th October, 1952 to 15th January,
genous product. 1953, the period for which their actual costs
were determined, and although their production is likely to
be much larger in future as a result of the installation of
a new plant with a capacity of 5 tons per month, the plant
has actually been in operation only from May, 1953. In
the circumstances, the data relating to Alembic Chemical
Works cannot be regarded as representative of the industry
as a whole and we have, therefore, decided to confine our
examination to Sarabhai Chemicals only. In the case of
Sarabhai Chemicals, the actual cost of production was deter-
mined for the period from January, 1952 to May, 1953, during
which the firm produced 48,359 lbs. which was 21.2 per cent.
of its rated capacity of 1,61,280 lbs. (72 tons) per annum.
On the basis of the data for this period, the Assistant
Cost Accounts Officer worked out estimates of future costs

for a capacity production of 161,280 lbs. Since, however, the firm, has so far not been able to attain this rate of production, and having regard to the marketing difficulties at present experienced by it and the possibility of increased internal competition in the near future, we have considered it more realistic to base our estimates of future costs on an annual output of 86,423 lbs. which was the highest so far attained by the firm since it commenced production. The estimated output is about 80 per cent. higher than the current output. During the period from January, 1952 to May, 1953, Sarabhai Chemicals had used molasses as part of their raw material. In future, however, they propose to use jaggery exclusively and this will result in a slight increase in their cost of materials. The jaggery purchased by them has an average sucrose content of 70 per cent. and the quantity used per lb. of calcium lactate is 1.94 lbs. Since 1 lb. of sucrose could be converted into 1.71 lbs. of calcium lactate, the efficiency achieved by Sarabhai Chemicals in converting jaggery into calcium lactate is 43 per cent. The corresponding figure at the time of the previous inquiry was 39 per cent. The firm has stated that it can improve upon the conversion factor when it is able to develop the solvent extraction process.

(b) In calculating the fair ex-works price, we have allowed for depreciation at the normal income tax rates and interest on working capital at 4½ per cent. on three months' cost of production. Return has been allowed at 10 per cent. on the gross block estimated at Rs. 3.09 lakhs.

(c) Since the firm desires the detail of its cost of production to be kept confidential, we are giving below the relevant figures in a summarised form. The detailed Cost Report is being forwarded to Government as a separate confidential enclosure to this Report.

COST OF PRODUCTION AND FAIR EX-WORKS PRICES OF CALCIUM LACTATE

Sarabhai Chemicals

| | Actual (Jan., 1952-May, 1953) | Estimated |
|-----------------------------|----------------------------------|----------------------|
| Production | 48,359 lbs. | 86,423 lbs. |
| | <i>Annas per lb.</i> | <i>Annas per lb.</i> |
| Materials | 9.84 | 9.86 |
| Conversion charges | 8.82 | 8.82 |
| Depreciation | 4.58 | 2.56 |
| Works cost | 23.24 | 21.24 |
| Interest on working capital | 0.27 | 0.27 |
| Return on block | 10.22 | 5.73 |
| Fair ex-works price | 33.73 | 27.24 |
| | (Rs.2-1-9) | (Rs.1-11-3) |

Packing charges have been excluded and the above fair ex-works prices, therefore, relate to bulk deliveries. We consider that to the fair ex-works prices thus arrived at, it is necessary to add before comparing them with the landed costs of the imported product, (1) 2 annas per lb. as allowance for prejudice which still exists, though to a smaller extent than before, (2) 1 anna per lb. as the average freight from the producing centre to the port towns, and (3) an allowance of 1½ annas for the higher selling expenses incurred by the domestic producers as compared with those incurred by importers, as explained in paragraph 12(b) below.

12. (a) Calcium lactate is principally imported from the United Kingdom, Holland and Denmark. The principal brand imported from the United Kingdom is Howard's, which commands an appreciable premium over most of the other foreign brands as well as the indigenous ones. The current c.i.f. price of Howard's calcium lactate in 1 lb. packages is Rs. 2-3-0 per lb. Certain cheaper types are sometimes imported from the United Kingdom. According to the Collector of Customs, Bombay, the c.i.f. price of a consignment of calcium lactate powder imported from the United Kingdom on 30th January,

Comparison of the fair ex-works price of the indigenous product with the landed cost of the imported products.

1953, was Rs. 1,404 for 450 kg. i.e., Rs. 1-6-8 per lb. The evidence received by us, however, shows that the cheaper types do not cater to more than a very small section of the market and that generally speaking, imports from the United Kingdom do not offer any serious competition to the domestic industry. Imports from Denmark are by far the cheapest, the latest available c.i.f. price of such imports being Rs. 1-3-0 per lb. which related to a consignment received in Bombay on 15th February, 1953, as reported by the Collector of Customs, Bombay. Imports from this source, however, are still very small. Out of the total quantity of 27 tons imported in 1952, only 2 tons were obtained from Denmark, as against 17.5 tons from the United Kingdom and 7.5 tons from Holland. Both in Denmark and Holland, calcium lactate is produced from milk whey which is a by-product of the casein industry and the cost of production in these countries, therefore, is much lower than that in the United Kingdom or this country. Denmark, however, has not yet developed an adequate sales organisation in India and in these circumstances, the c.i.f. price of imports from that source cannot be taken as representative. The latest available c.i.f. price of calcium lactate imported in bulk from Holland is Rs. 1-10-6 per lb. as recorded by the Collector of Customs, Calcutta, for a consignment received at that port on 17th July, 1952. The representatives of importing firms who attended the public inquiry were unable to furnish more recent data and there was also no evidence of any appreciable change in the prices of the Dutch product since the date mentioned above. The manufacturers have also complained principally of competition from Holland. We have, therefore, decided to adopt the c.i.f. price of Rs. 1-10-6 per lb. for imports from Holland for the purpose of comparison with the fair ex-works price for bulk supplies of the indigenous product.

(b) It was revealed at the public inquiry that, in the case of some of the imported brands, the selling prices in India are fixed by the foreign manufacturers and the

Commission due to the importing firms, and the advertising and propaganda expenses incurred by the latter are included in the c.i.f. prices. In so far as a portion of the distribution expenses are borne by the foreign manufacturers, the expenses incurred by the importers are less than those which the domestic producers have to incur. We have estimated the difference at $1\frac{1}{2}$ annas per lb. and it is necessary to add this amount to the fair ex-works price of the indigenous product while comparing it with the c.i.f. price of the imported product.

(c) The following statement gives a comparison of the c.i.f. price adopted by us with the fair ex-works price of the indigenous product, and the rates of duty required to equalise the competitive position of the imported and the indigenous products.

| On the basis of | | |
|--|--|--|
| | Actual cost of the indigenous product | Estimated cost of the indi- genous product |
| | Rs. | Rs. |
| (1) C.i.f. price | 1-10-6 | 1-10-6 |
| (2) Customs duty | 0-10-2 | 0-10-2 |
| (3) Clearing charges | 0- 1-4 | 0- 1-4 |
| (4) Landed cost | 2- 6-0 | 2- 6-0 |
| (5) Landed cost without duty | 1-11-10 | 1-11-10 |
| (6) Fair ex-works price | 2- 1- 3 | 1-11- 3 |
| (7) Add (a) Average freight | 0- 1- 0 | 0- 1- 0 |
| (b) Difference in selling expenses | 0- 1- 6 | 0- 1- 6 |
| (c) Allowance for pre- judice | 0- 2- 0 | 0- 2- 0 |
| (8) Total | 2- 6- 3 | 1-15- 9 |

| | Rs. | Rs. |
|---|----------------|---------------|
| (9) Difference between (8) & (5) | 0-10- 5 | 0- 3-11 |
| (10) Duty required i.e., (9) as a percentage of (1) | <u>39.31 %</u> | <u>14.78%</u> |

13. The existing rates of protective duty on calcium lactate are 27.3 per cent. preferential and 37.8 per cent. standard. The above comparison shows that while a standard rate of 39.31 per cent. (or say 40 per cent.) is required to protect the industry on the basis of its current cost of production, a rate of 14.78 per cent. (or say, 15 per cent.) would be adequate, if the industry could increase its output by about 80 per cent. of the present level, i.e., to 86,423 lbs. If it could be assumed that the industry could attain the higher output without difficulty, there would be no need for continuance of protection. The fact, however, is that while the industry did attain a production of 86,423 lbs. in 1951, it was unable to maintain it in 1952 in the face of foreign competition. With the increase in imports in 1952, Sarabhai Chemicals found it difficult to market their product and had to shut down their plant for some time. Moreover, there is no certainty that the lower prices quoted by Danish manufacturers would not affect the prices of imports from other sources, or that Denmark would not be able to increase her exports to India by developing a better sales organisation. The domestic industry is also experimenting with a new process of production, the exact effect of which on the cost of production cannot be foreseen at this stage. The industry has enjoyed protection for only three years and needs some more time to consolidate its position. We are satisfied, therefore, that protection to this industry should be continued for a further period. We do not think, however, that the protective duty needs to be enhanced to the standard rate of about 40 per cent. indicated by the figures given in the preceding paragraph. Imports of calcium lactate are at present being restricted

on balance of payments grounds. Considering that the industry has an annual rated capacity of 162 tons as compared with the annual domestic demand of 60 tons and that adequate internal competition exists to induce the manufacturers to strive for maintenance and improvement of quality, we consider that imports of calcium lactate can be restricted more severely than they are at present, without harm to the interests of the consumer. Since import restrictions are at present giving an additional measure of protection to the domestic industry, we recommend that the protective duty on calcium lactate be maintained at the existing rates of 27.3 per cent. preferential and 37.8 per cent. standard. The duty should remain in force for a further period of 3 years from 31st December, 1953. If at any time during the period of protection, imports of calcium lactate are found to be taking place at such lower prices than those assumed by us and to such extent as to jeopardise the position of the domestic industry, the industry may apply for a review of the scheme of protection.

14. Since Government patronage acts as a powerful aid to the development of industries, we recommend that the Government purchases, Central and the State Governments should purchase indigenous calcium lactate to meet their entire requirements, provided the producers maintain the necessary standard of quality and charge reasonable prices.

15. Our conclusions and recommendations are summarised
Summary of conclusions below:-
and recommendations.

(i) The annual domestic demand for calcium lactate is estimated at 60 tons for the next 3 years. [Paragraph 6]

(ii) The quality of indigenous calcium lactate has improved considerably since the last inquiry. The manufacturers, however, should try to improve their process of production still further so as to conform fully to the new Indian Pharmacopoeia specifications for calcium lactate. [Paragraph 10]

(iii) Protection should be continued for a further period of three years from 31st December, 1953. A duty at the standard rate of 40 per cent. *ad valorem* would be required to protect the industry on the basis of its present costs of production. Since, however, imports of calcium lactate are at present being restricted on balance of payments grounds, the protective duty may be maintained at the existing rates of 27.3 per cent. *ad valorem* preferential and 37.8 per cent. *ad valorem* standard. If, at any time during the period of protection, imports of calcium lactate are found to be taking place at such lower prices than those assumed by us and to such extent as to jeopardise the position of the domestic industry, the industry may apply for a review of the scheme of protection. [Paragraph 13]

(iv) The Central and the State Governments should purchase indigenous calcium lactate to meet their entire requirements, provided the producers maintain the necessary standard of quality and charge reasonable prices. [Paragraph 14]

16. We wish to thank the representatives of producers, importers and consumers as well as the Government Departments who supplied us with necessary information on various points arising out of this inquiry.

B.V. Narayanaswamy Naidu,
Member

B.N. Adarkar,
Member

B.N. Das Gupta,
Member.

D.K. Malhotra,
Secretary.

Bombay,
Dated 31st July, 1953.

APPENDIX I

(Vide Paragraph 2)

List of persons or bodies to whom the Commission's questionnaires were issued and from whom replies or memoranda were received.

* Those who sent their replies.

@ Those who are not interested.

∅ Those who did not reply.

I. PRODUCERS:

- * 1. Alembic Chemical Works Co., Ltd.,
Baroda.
- * 2. Calcutta Chemical Co. Ltd.,
35, Panditina Road, Calcutta-29.
- * 3. Sarabhai Chemicals, Post Box No. 31,
Baroda.

II. IMPORTERS:

- ∅ 1. Anglo French Drug Co. (Estrn) Ltd.,
P.O. Box No. 460, Bombay.
- * 2. Anglo Thai Corporation Ltd.,
Ewart House, Bruce Street, Bombay.
- @ 3. Abbott Laboratories (India) Ltd.,
G.P.O. Box No. 1334, Bombay.
- * 4. British Drug Houses (India) Ltd.,
Imperial Chemical House,
Post Box No. 1314, Ballard Estate,
Bombay.
- ∅ 5. Boots Pure Drug Co. (India) Ltd.,
Asian Building, Nicol Road,
Ballard Estate,
Bombay.
- ∅ 6. Biddle Sawyer & Co. (India) Ltd.,
P.O. Box No. 1992, Bombay.
- ∅ 7. Burroughs Wellcome & Co.,
P.O. Box No. 290, Bombay.
- ∅ 8. East Asiatic Co. (India) Ltd.,
Wavell House, Ballard Estate, Bombay.
- @ 9. Eli Lilly & Co. of India, Inc.,
P.O. Box No. 1971, Bombay.

IMPORTERS:

- @ 10. Evans Medical Supplies (India) Ltd.,
Laxmi Building, Sir P.M. Road, Bombay-1.
- @ 11. Glaxo Laboratories (India) Ltd.,
Worli, Bombay-18.
- * 12. Imperial Chemical Industries (India) Ltd.,
18, Strand Road, Calcutta.
- @ 13. L. Freshaw & Co.,
Shirin Mansion, Sleater Road, Grant Road,
Bombay-7.
- @ 14. May & Baker (India) Ltd.,
Karimjee House, Sir P.M. Road, Bombay-1.
- @ 15. Martin & Harris Ltd., Savoy Chambers,
Wallace Street, Bombay -1.
- ℄ 16. P.H. Khansahab & Co. Ltd.,
No. 1, Devkaran Mansion, Princess Street,
Bombay-2.
- @ 17. Powells Ltd.,
431, Lamington Road, Bombay-4.
- @ 18. Sandoz Products Ltd.,
P.O. Box No. 1540, Bombay
- ℄ 19. Scientific & Surgical Traders' Association,
128, Princess Street, Bombay.
- * 20. Volkart Brothers,
Graham Road, Ballard Estate,
P.O. Box No. 199, Bombay.
- * 21. Kantilal Manilal & Co.,
16, Princess Street, P.O. Box No. 2162,
Bombay-2.

III. CONSUMERS:

- ℄ 1. Bombay Medical Association,
72, Vijay Nagar, Dadar, Bombay-14.
- ℄ 2. Bombay Medical Union,
Blavatsky Lodge Building,
French Bridge, Chowpatti, Bombay.
- ℄ 3. Croydon Chemical Works Ltd.,
Poorijaji Building, Frere Road
Bombay.
- @ 4. Chemo-Pharma Laboratories Ltd.,
King's Lodge, Lamington Road, Bombay.
- ℄ 5. Director General of Health Services,
New Delhi.

III. CONSUMERS

- * 6. Government General Hospital,
Madras.
- ¢ 7. Government Medical Store Depot,
Byculla, Bombay.
- ¢ 8. J.J. Group of Hospitals,
Bombay.
- * 9. K.E.M. Hospital, Parel,
Bombay.
- © 10. Khandelwal Laboratories Ltd.,
166, Hornby Road, Bombay.
- ¢ 11. St. George's Hospital,
Frere Road, Bombay.
- * 12. The Zandi Pharmaceutical Works Ltd.
Gokhale Road, South, Bombay-28.
- * 13. British Drug Houses (India) Limited
Imperial Chemical House,
Ballard Estate, P.O.Box No. 1341,
Bombay.
- ¢ 14. M/s. N. Uttam Lal & Co.,
Bode's Chawl, Princess Street,
Bombay.
- ¢ 15. M/s. N. Himatal & Co.,
Princess Street, Bombay.
- ¢ 16. M/s. R.K. Mehta & Co.,
Princess Street, Bombay.

नमो भगवते वासुदेवाय

APPENDIX II
(Vide Paragraph 2)

*List of persons who attended the Public Inquiry held
on 10th July, 1953.*

I. PRODUCERS:

- | | | |
|---------------------------------------|---|--|
| 1. Shri N.R. Nadkarni | } | Representing Sarabhai Chemicals, Baroda. |
| 2. " P.V. Kale | | |
| 3. Dr. S. S. Wagle | | |
| 4. " K.N. Rao | | |
| 5. Shri Jagadish Chandra Das Gupta | } | Representing Calcutta Chemical Co. Ltd., Calcutta. |
| 6. " Jitendra Nath Rakshit | | |
| 7. Shri S. D. Mehta | | Representing Alembic Chemical Works Co. Ltd., Baroda. |

II. IMPORTERS:

- | | |
|----------------------|---|
| 1. Shri S.S. Narayan | Representing Volkart Bros., Bombay. |
| 2. " J.A. Peace | Representing Anglo-Thai Corporation, Bombay. |

III. CONSUMER:

| | |
|-----------------|--|
| Shri M.V. Garde | Representing K.E.M. Hospital, Bombay. |
|-----------------|--|

IV. OFFICIALS:

- | | |
|---------------------|---|
| 1. Shri V.A. Padval | Representing D.G. of Health Services, New Delhi. |
| 2. Shri V.B. Thosar | Representing Director of Industries, Bombay State. |
| 3. Shri S.C. Shah | Representing Drugs Controller, Bombay State. |

APPENDIX III

(Vide paragraph 8)

STATEMENT SHOWING THE QUANTITY OF CALCIUM LACTATE IMPORTED FROM DIFFERENT SOURCES TOGETHER WITH THE VALUE OF IMPORTS.

| | 1951 | | 1952 | |
|-----------------|--------------------|-------------|-----------------------|-------------|
| | (July - December) | | (January - December.) | |
| | Quantity (Cwts.) | Value (Rs.) | Quantity (Cwts.) | Value (Rs.) |
| U.K. | 1 | 293 | 348 | 1,00,889 |
| U.S.A. | 34 | 8,962 | - | - |
| Denmark | 37 | 6,389 | 39 | 6,389 |
| Netherlands | - | - | 151 | 30,021 |
| Other countries | - | - | 2 | 490 |
| Total | 72 or 3.60 tons | 15,644 | 540 or 27.00 tons | 1,37,789 |

LIST OF THE REPORTS OF THE INDIAN TARIFF BOARD
PUBLISHED BY THE MANAGER OF PUBLICATIONS, DELHI

I. TARIFF INQUIRIES

(A) *New Cases*

| | |
|--|---------|
| 1. Sodium Thiosulphate, sodium sulphite (anhydrous) and sodium bisulphite (1946) | PTB 158 |
| 2. Bichromates (1946) | PTB 157 |
| 3. Phosphates and phosphoric acid (1946) | PTB 156 |
| 4. Butter colour and aerated water powder colour (1946) | PTB 154 |
| 5. Calcium chloride (1946) | PTB 153 |
| 6. Coated abrasives (other than grinding wheels) (1946) | PTB 159 |
| 7. Hurricane Lanterns (1946) | PTB 152 |
| 8. Cocoa powder and chocolate (1946) | PTB 155 |
| 9. Wood screws (1946) | PTB 99 |
| 10. Bicycles (1946) | PTB 100 |
| 11. Caustic soda and bleaching powder (1946) | PTB 88 |
| 12. Antimony (1946) | PTB 94 |
| 13. Sewing machines (1947) | PTB 101 |
| 14. Aluminium (1946) | PTB 90 |
| 15. Steel baling hoops (1946) | PTB 87 |
| 16. Grinding Wheels (1946) | PTB 93 |
| 17. Preserved fruits (1946) | PTB 145 |
| 18. Non-ferrous metals (1946) | PTB 146 |
| 19. Cotton textile machinery (ring frames, spindles and spinning rings) (1947) | PTB 111 |
| 20. Rubber manufactures (1947) | PTB 110 |
| 21. Sodium and potassium metabisulphites (1947) | PTB 105 |
| 22. Alloy tool and special steel (1947) | PTB 118 |
| 23. Sodium sulphide (1947) | PTB 102 |
| 24. Electric Motors (1947) | PTB 112 |
| 25. Dry battery (1947) | PTB 115 |
| 26. Plywood and teacheasts (1947) | PTB 113 |
| 27. Cotton and hair belting (1947) | PTB 121 |
| 28. Starch (1947) | PTB 103 |
| 29. Glucose (1947) | PTB 104 |
| 30. Chloroform, ether sulphuric p.b. and anaesthetic and potassium permanganate (1947) | PTB 109 |
| 31. Fire hose (1947) | PTB 120 |
| 32. Steel belt lacing (1947) | PTB 119 |
| 33. Ferro-silicon (1947) | PTB 116 |
| 34. Stearic acid and oleic acid (1947) | PTB 117 |
| 35. Machine tools (1947) | PTB 114 |
| 36. Wire healds (1948) | PTB 123 |
| 37. Pickers (1948) | PTB 125 |
| 38. Motor vehicle batteries (1948) | PTB 122 |
| 39. Hydraulic brake fluid (1948) | PTB 129 |
| 40. Bobbins (1948) | PTB 128 |

| | |
|---|---------|
| 41. Slate and slate pencils (1949) | PTB 138 |
| 42. Expanded metals (1949) | PTB 150 |
| 43. Cotton textile machinery (ring frames, spindles, spinning rings and plain looms) (1949) | PTB 167 |
| 44. Small tools (1949) | PTB 149 |
| 45. Plastics (1949) | PTB 160 |
| 46. Soda ash (1949) | PTB 165 |
| 47. Glass and glassware (1950) | PTB 174 |
| 48. Sterilised surgical catgut (1950) | PTB 184 |
| 49. Liver extract (1950) | PTB 185 |
| 50. Fountain pen ink (1950) | PTB 183 |
| 51. Pencils (1950) | PTB 187 |
| 52. Fine chemicals (1950) | PTB 182 |
| 53. Sago (1950) | PTB 186 |
| 54. Belt fasteners (1950) | PTB 189 |
| 55. Electric brass lamp holders (1950) | PTB 192 |
| 56. Oil pressure lamps (1950) | PTB 188 |
| 57. Hydroquinone (1951) | PTB 202 |
| 58. Buttons (1951) | PTB 191 |
| 59. Milk powder (1951) | PTB 203 |
| 60. Copper sulphate (1951) | PTB 204 |
| 61. Machine screws (1951) | PTB 207 |
| 62. Zip fasteners (1951) | PTB 211 |
| 63. Electric Fans (1951) | PTB 212 |

(B) Review Cases

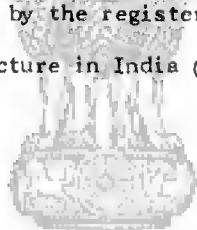
| | |
|--|---------|
| 1. Iron and steel manufacturers (1947) | PTB 106 |
| 2. Paper and paper pulp (1947) | PTB 108 |
| 3. Cotton textile manufactures (1947) | PTB 98 |
| 4. Sugar (1947) | PTB 107 |
| 5. Magnesium chloride (1948) | PTB 124 |
| 6. Silver thread and wire (1948) | PTB 126 |
| 7. Bicycles (1949) | PTB 131 |
| 8. Artificial silk (1949) | PTB 132 |
| 9. Sericulture (1949) | PTB 133 |
| 10. Alloy tool and special steel (1949) | PTB 136 |
| 11. Sodium thiosulphate, sodium sulphite and sodium bisulphite (under section 4(1) of the Tariff Act) (1949) | PTB 140 |
| 12. Calcium chloride (1948) | PTB 148 |
| 13. Grinding wheels (under section 4(1) of the Tariff Act) (1949) | PTB 141 |
| 14. Hurricane lanterns (under section 4(1) of the Tariff Act) (1949) | PTB 144 |
| 15. Sugar (1949) | PTB 134 |
| 16. Preserved fruits (1949) | PTB 143 |
| 17. Coated Abrasives (under section 4(1) of the Tariff Act) (1949) | PTB 147 |
| 18. Antimony (1949) | PTB 161 |
| 19. Phosphates and phosphoric acid (1949) | PTB 164 |
| 20. Starch (1949) | PTB 163 |
| 21. Bichromates (1949) | PTB 168 |
| 22. Ferro-silicon (1949) | PTB 169 |

| | |
|---|---------|
| 23. Sewing machines (1949) | PTB 170 |
| 24. Cocoa powder and chocolate (1949) | PTB 172 |
| 25. Electric motors (1949) | PTB 166 |
| 26. Steel belt lacing (1949) | PTB 171 |
| 27. Cotton and hair belting (1949) | PTB 173 |
| 28. Calcium chloride (1950) | PTB 175 |
| 29. Sugar (1950) | PTB 179 |
| 30. Potassium permanganate (1950) | PTB 176 |
| 31. Wood screws (1950) | PTB 177 |
| 32. Dry battery (1950) | PTB 180 |
| 33. Stearic acid and oleic acid (1950) | PTB 178 |
| 34. Plywood and teacheasts (1950) | PTB 181 |
| 35. Preserved fruits (1951) | PTB 198 |
| 36. Caustic soda and bleaching powder (1951) | PTB 193 |
| 37. Soda Ash (1951) | PTB 200 |
| 38. Cotton textile machinery (1951) | PTB 201 |
| 39. Pickers (1951) | PTB 196 |
| 40. Aluminium (1951) | PTB 195 |
| 41. Artificial silk and cotton and artificial silk mixed fabric (1951) | PTB 197 |
| 42. Canned and bottled vegetables (1951) | PTB 206 |
| 43. Sericulture (1951) | PTB 215 |
| 44. Alloy tool and special steel (1951) | PTB 214 |
| 45. Sodium thiosulphate, sodium sulphite and sodium bisulphite (1951) | PTB 216 |
| 46. Grinding wheels (1951) | PTB 213 |
| 47. Starch (1951) | PTB 209 |

II. PRICE REPORTS

| | |
|--|---------|
| 1. Cotton yarn and cloth prices (1948) | PTB 127 |
| 2. Paper prices (1948) | PTB 130 |
| 3. Fair ex-works prices of superphosphates (1949) | PTB 139 |
| 4. Fair retention prices of steel produced by Tatas and Scob (1949) | PTB 135 |
| 5. Ex-works costs of hot metal (iron for steel making) and fair ex-works prices of pig iron (Basic and foundry grade) (1949) | PTB 137 |
| 6. Fair retention prices of steel produced by Mysore Iron & Steel Works, Bhadravati (1949) | PTB 151 |
| 7. Fair retention prices of steel produced by the Tata Iron & Steel Co. and the Steel Corporation of Bengal (1951) | PTB 205 |
| 8. F. r. p. of Tinplate produced by the Tin- plate Co. of India Ltd. (1950) | PTB 190 |
| 9. Revision of fair prices of superphosphate (1951) | PTB 210 |
| 10. Revision of fair prices of superphosphate (July-December 1951) | PTB 194 |
| 11. Raw rubber prices (1951) | PTB 199 |
| 12. Fair retention prices, ex-works, of pig iron (1951) | PTB 208 |

| | | | |
|--|-------------|-----|-----|
| 1. Mysore Iron | BHA-C, 1953 | PTB | 217 |
| 2. Motor vehicle | | PTC | 218 |
| 3. Woollen hosiery (1952) | | PTC | 219 |
| 4. The f.r.p. of steel produced by the SCOB (1952) | | --- | 2 |
| | | | 1 |
| | | | 15 |
| | | | 0 |
| | | | 2 |
| August, 1952 | | | |
| 10. Revision of prices of raw rubber (1952) | | PTC | 228 |
| 11. Reduction of import duty on meta-aminophenol used in the manufacture of para-aminosalicylic acid (1952) | | PTC | 223 |
| 12. Flax goods industry (1953) | | PTC | 229 |
| 13. Power and distribution transformers (1952) | | PTC | 230 |
| 14. Conversion charges for bars and rods and the fair retention price of electric furnace billets produced by the registered re-rollers (1952) | | PTC | 224 |
| 15. Automobile manufacture in India (1953) | | PTC | 226 |
| 16. Glucose (1953) | | PTC | 242 |
| | | PTC | 231 |



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